

PRESS RELEASE

9 June 2021

EFAMA/ICSA Global Memo on Benchmark Data Costs

Key recommendations for fair benchmark data costs

[EFAMA](#) (European Fund of Asset Management Associations) and [ICSA](#) (International Council of Securities Association) published today a Global Memo on Benchmark Data Costs ([link](#)), identifying the main challenges arising from the increased use of benchmark data over recent decades and the imposition of increasingly complex and overpriced data licenses, which cover all types of data usages along the whole value chain of the financial services industry.

Financial benchmarks and indices are fundamental to the functioning of financial markets as they are a valuable tool, helping market participants to set prices, measure performances, or work out amounts payable under financial contracts or instruments.

Tanguy van de Werve, EFAMA Director General, commented: “*Financial benchmark data is often provided by natural monopolies and oligopolies such as stock exchanges, rating agencies and large benchmark providers or data vendors with a dominant market position, which ultimately leads to competition issues. Our memo shows it is time that regulators take adequate steps to restore competition and to guarantee a fair and transparent pricing structure from those providers. Our call for action echoes comments recently made by the European Parliament in its 2020 competition policy annual report¹.*”

Peter Eisenhardt, Secretary General of ICSA, said: “*Continually increasing market data costs have led to higher fees that are passed onto all types of market participants, including both wholesale and retail participants. The lack of suitable alternatives for certain market data products has led to these higher costs and weakens incentives for providers to innovate or improve the quality of their products. Addressing these challenges are consistent with sound financial market regulation.*”

Due to the growth of data usage, index providers have refined their licensing models and now cover each step along the whole value chain of an asset manager or bank. These companies often have great market power and can unilaterally set contractual conditions, since their financial services clients usually cannot easily operate their products without referring to the leading benchmarks.

¹ https://www.europarl.europa.eu/doceo/document/A-9-2021-0168_EN.pdf

Given the importance of the provision of benchmark data to the well-functioning of financial markets, EFAMA and ICSA make a series of recommendations to ensure that benchmark data is made available to users at a fair price, including notably:

- Regulators should ensure that all administrators of benchmarks and indices take adequate steps to guarantee that licenses of, and information on, benchmarks are provided on a fair, reasonable, transparent and non-discriminatory basis to all supervised entities;
- Any benchmark data license costs should in principle be based only on the incremental/marginal cost of providing/distributing a given data service plus a reasonable profit margin;
- National Competent Authorities and users should have access to adequate written information to ensure transparency on costs and prices, and reduce disputes related to licensing fees.

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The investment management sector holds the unique role of managing Europe's long-term investments, channelling capital into organisations with viable growth prospects for a sustainable future. Our members manage capital on behalf of private investors, organisations, and institutional investors (such as pension providers and insurers), ultimately benefitting millions of European savers.

Founded in 1974 and based in Brussels, EFAMA is committed to support the deepening of the Single Market and to continue building the Capital Markets Union. We contribute to policy debates with the most reliable and up-to-date data and research on asset management in Europe. More at www.efama.org

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ICSA is the global organization of securities industry associations representing securities firms operating in domestic and cross-border markets across the globe, including East and West Asia, Latin America, North America, and Europe.

ICSA advocates appropriate regulatory policies and regulations, policy approaches and techniques across jurisdictions, and public policy initiatives to promote efficient and well-functioning securities markets, and the efficient flow of cross-border capital in global capital markets. Appropriate regulatory initiatives should assist in leading to increased confidence and efficiency in the markets. These initiatives should also assist in increased economic growth, benefitting markets participants and the general health of global capital markets. www.icsa.global